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DEPARTMENT FOR EAP, EAP/MLS
NSC FOR MORROW
DEFENSE FOR OSD/ISA (STERN, POWERS)
PACOM FOR FPA HUSO

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SUBJECT: THAKSIN COMES TO LUNCH

Classified By: Ambassador Ralph L. Boyce. Reason 1.4 (a and d)

11. (C) Summary. Prime Minister Thaksin Shinawatra is confident and focused as he prepares for his September 19 meeting with the President. He is prepared to discuss ongoing separatist violence in Southern Thailand and his policy towards Burma. He welcomes the upcoming Thai-U.S. Dialogue on strategic issues and offered to work to remove bans on U.S. beef prior to his visit. He also promised to try to seek conclusion of an Open Skies agreement. However, he seems to have backtracked from statements FM Kantathi made to the Secretary indicating Thailand will soon sign the Proliferation Security Initiative, now indicating that the RTG awaits another ASEAN nation other than Singapore to sign first. On F-16, Thaksin said that Thailand is prepared to spend approximately 400 million USD on mid-life upgrades to F-16s already in the fleet, but hinted that pressure from Russia might make him purchase some SU-30s. Thaksin remains indispensable to our efforts at reaching a FTA with Thailand: without his personal involvement on the issue, it is unlikely we will make progress. End Summary.

THAKSIN CALLS

12. (C) On August 22, I hosted Thaksin for lunch at the residence to discuss his upcoming visit to Washington. He was relaxed and at ease, telling me that he had just given CNBC an interview in which he was asked what issues he wanted to discuss in Washington. "I told them that I have no 'issues,' only areas of cooperation. We are two friends catching up," he said. He did mention that he hoped to leave Washington by noon on September 19 in order to meet with PRC Vice Premier Wu Yi in Chiang Mai on September 21 and wondered whether his meeting with the President could take place in the morning. I said that I had already forwarded that request through the NSC.

DISCUSSING THE SOUTH

13. (C) I said that Washington was very interested to know how Thai policy towards the troubles in the South might be changing. I referred to concerns both inside and outside Thailand that Thaksin had seized "dictatorial powers" when he issued the recent emergency decree. Thaksin said he fully expects the President to ask him about the South; "if he doesn't raise the issue, I will" he said. He emphasized that Justice Minister Chidchai Vanasatidya remained in charge of the police and military response to southern violence while Education Minister Chaturon Chaisaeng was responsible for addressing social issues. He described his visit last Friday to the region, where he went to encourage shop owners to defy pressure from separatists to close on Fridays, as a success.

BURMA

14. (C) I reminded Thaksin that he had told Secretary Rice that four years of "constructive engagement" with Burma left him frustrated and facing the likelihood of being more public in criticizing Rangoon. I suggested that the President might wish to pursue this matter further.

BEEF AND OPEN SKIES

15. (C) Aside from these major issues, I noted that there are a handful of other important issues pending. The resolution of these in advance of the visit, I said, could comprise a package of impressive achievements for the visit. The first issue is beef imports: Thailand still bans U.S. beef, in spite of earlier personal assurances from Thaksin that the import ban would be lifted. Thaksin said that this could be quickly resolved. I then mentioned the continuing delay in the launch of civil aviation Open Skies talks, in spite of assurances by the PM and the Transport Minister to Secretary Mineta in late April that the talks should be

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completed within six months. Thaksin replied, "Let's see if we can hold the first round of talks prior to my meeting with the President (i.e., prior to September 19)." I welcomed this proposal and promised to convey it to the appropriate

USG officials.

PSI

16. (C) I reminded Thaksin that FM Kantathi Suphamongkhon had indicated to the Secretary that Thailand might be willing to sign the PSI Statement of Principles soon. Thaksin reiterated that intent, but backtracked slightly, saying that Thailand would sign as soon as another ASEAN member other than Singapore signed on. "I need cover on this in the South," he said.

F-16

17. (C) On Thailand's efforts to procure new or updated fighter aircraft, Thaksin said that he was reviewing a plan to spend about 400 million USD to perform mid-life upgrades on two squadrons of F-16s already in the RTAF inventory. Nonetheless, he said that Russian President Putin was pushing SU-30 hard and indicated that it would be difficult not to buy Russian as well. I explained that a Sukhoi purchase had the potential to jeopardize a future Thai purchase of the Joint Strike Fighter and suggested that he mollify the Russians by announcing that Thailand would procure no new aircraft and simply upgrading its existing fleet. I asked whether this might not give Thaksin a face-saving way to avoid creating a problem with either side. He was quiet for a long time and said he would think about this in detail. He emphasized that no final decision had yet been made.

FTA

18. (C) I mentioned our growing concern with the slow progress of our FTA talks. I emphasized that the two sides have been meeting for over a year, but these meetings have been mostly information exchanges. By and large, the talks so far have been mostly conversation, with little in the way of negotiations. Added to this slow pace is the fact that public opinion (as reflected in the Thai media) seems almost uniformly anti-FTA, with precious few RTG officials speaking publicly in favor of an FTA with the U.S. I told the Prime Minister that I only half jokingly inform U.S. visitors that the PM seems to be the only person in Thailand who supports an FTA with the U.S.

19. (C) Thaksin replied that the reluctance of the Thai FTA team to seriously engage with the U.S. is due to the fact that "we are afraid of you; you'll have to convince us to be less afraid." Part of the cause of Thai anxiety, he said, is discussions with Singaporean officials. These officials, he said, have complained to the Thais that Singapore got less than it thought it bargained for in its own FTA with the U.S. Singaporean bad-mouthing aside, Thaksin went on to say that he does not envision any serious problems in eventually concluding an FTA with the U.S., and will tell the President that he still fully supports the FTA. Thaksin noted that Thailand had just successfully concluded an FTA with Japan. As the talks went down to the wire, seemingly irreconcilable differences remained. The PM recalled how the Thai chief negotiator and his Japanese counterpart met with him. Both seemed very downcast. Said Thaksin, "I told them, why are you so pessimistic? PM Koizumi and I have a great relationship, we are always in a good mood and laugh a lot when we meet. If we can do it, so can you. I told them to go into a nearby room, fix the remaining problems, and then go to dinner. And that's what they did."

U.S.-THAI DIALOGUE

10. (C) I told Thaksin that we took seriously his radio remarks after his meeting with Secretary Rice of the need to implement a bilateral "Action Plan" to strengthen our relationship. I explained that we were now working on talks to take place in November, led on our side by the State Department and including representatives from NSC, OSD, JCS and PACOM. He was very appreciative of this news and suggested it would be worth highlighting in Washington.

DPRK

11. (C) Thaksin mentioned that FM Kantathi still planned to go to the DPRK this month and hopes to talk to Secretary Rice before departing. "If Kim Jong Il is lucid," Thaksin said "I'll probably go there myself later."

THAKSIN SHOWS HIS AUTHORITARIAN SIDE

12. (C) Thaksin complained vociferously about how he is targeted by the Bangkok elite and the media. He said there were two major problems in Thai society, the press and the courts. "In the old days, reporters and editors were paid off by crooked politicians and gamblers. Previous PMs were more subservient to the press too, frequently doing them favors." He explained that his unwillingness to do so was the reason he is attacked in the Thai media. He told me that he will continue to weed out the out-of-date political hacks

in senior positions of power suggesting that current Deputy Prime Minister Pini Jarusombat might be next to go from the Cabinet.

MALAYSIA

113. (C) Thaksin told me he was bedeviled by his relationship with Malaysia. Having worked with Malaysian PM Badawi when they were both Foreign Ministers, Thaksin said that he fully anticipated a better relationship with Kuala Lumpur. Thaksin suggested that Badawi was now either unwilling to engage with Muslim separatists in Thailand for fear of aggravating his own problems or even hoped to restore Pattani as part of greater Malaysia. In either case, Thaksin suggested, the Malaysians had not been as helpful on addressing complicated issues like dual nationals as he had hoped. As a result, Thaksin sent DPM Surakiart Sathirathai to Malaysia with evidence of wrongdoing by dual nationals. That mission had been a partial success, Thaksin suggested, but relations were still not what they should be.

SURAKIART AS UNSYG

114. (C) As Surakiart's name had come up, I asked about his prospects to become UN Secretary General. "If it is truly Asia's year to have the Secretary Generalship," Thaksin told me, "then it should be Surakiart." He said that he had endorsements from China, India, France, Russia and ASEAN. I confidentially suggested, however, that Surakiart might have

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some problems based on his lack of experience and youth and noted that neither of us wanted to see Thailand put into an awkward situation. Thaksin asked rhetorically whether other Thai candidates might be acceptable, but acknowledged that so much capital had been spent promoting Surakiart that it might be impossible to put forward another Thai.

COMMENT

115. (C) Although Thaksin is probably receiving more intense public criticism now than at any time since early in his first administration, he remains confident and very much in control. All elements for a successful meeting with the President seem to be in place. The seemingly good prospect for resolving two issues -- beef and Open Skies -- in advance of the meeting with the President is good news. On the FTA, the PM's story of how the FTA with Japan was resolved is consistent with our experience: Thaksin's personal engagement is essential in order to make anything important happen here.

But, the crucial issue of timing remains. The importance of completing the FTA by early '06 would be a useful point for the President to emphasize in his meeting with the Prime Minister. Thaksin's backpedaling on PSI is unfortunate, but should be resolvable if we succeed in obtaining the endorsement of another ASEAN country quickly. F-16 is another matter. Given the fact that many senior officials, including Secretaries Rice and Rumsfeld, have raised our concerns about F-16, it would be conspicuous to the Thai if the President did not. The suggestion to Thaksin about mid-life upgrades, conducted by Lockheed Martin, in lieu of purchasing new fighters, might be worth pursuing.

BOYCE